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# **News Release**

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## **Federal Mortgage Fraud Charges Filed**

Minneapolis - A Prior Lake, Minnesota, mortgage broker has been indicted on federal charges related to mortgage fraud. Ronald Clark Joseph, age 49, has been charged with two counts of mail fraud, one count of wire fraud, and one count of money laundering in connection to a scheme to defraud mortgage lenders out of millions of dollars.

The indictment states that between 2004 and 2006, Joseph, a licensed mortgage broker who worked for LHS, Inc., devised and implemented his scheme. Specifically, Joseph caused fraudulent loan applications to be provided to potential lenders. The applications allegedly misrepresented the terms of the proposed transactions by, among other things, overstating property purchase prices.

After a loan was approved, loan proceeds were provided to a title company. According to the indictment, Joseph then worked with a closing agent at the title company to disburse some of those proceeds in a manner contrary to the understanding of the lender. Specifically, payments from those proceeds were made to the property buyer and other third parties as well as to Joseph. In order to conceal the scheme, Joseph allegedly caused false settlement statements to be mailed to the lender.

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The indictment states that Joseph participated in the fraud scheme as a property broker as well as a buyer and seller. Allegedly, Joseph and LHS, Inc., received substantial fees for arranging the fraudulent transactions. Moreover, the indictment states that on at least two occasions, Joseph personally purchased property and subsequently received nearly \$200,000 in concealed payments. For the purpose of executing this scheme, Joseph also allegedly caused \$369,329.56 to be wired from a mortgage account in New York to a title company account in Minnesota. The indictment states that through approximately forty separate real estate transactions in which Joseph was involved, about \$2.5 million in concealed payments were made.

Finally, Joseph is alleged to have used proceeds from this fraud scheme, in the form of a check in the amount of \$27,859.75, to purchase a Cadillac automobile in January of 2006.

If convicted, Joseph faces a maximum potential penalty of twenty years in prison on each mail fraud and wire fraud charge. He faces a maximum potential penalty of ten years in prison for money laundering. Any sentence, however, will be determined by a judge.

The investigation of this case was conducted by the Internal Revenue Service, Criminal Investigation Division; and the U.S. Postal Inspection Service. The case is being prosecuted by Assistant United States Attorney Joseph T. Dixon.

This indictment follows the recent filing of a plea agreement in a related case. Mario Augustin Lewis agreed to plead guilty to a federal information that charges him with wire fraud and money laundering in connection to the above-described mortgage fraud scheme. Lewis admits that between 2004 and 2006, he received nearly \$400,000 in concealed payments through fraudulent real estate transactions. He also admits that between 2005 and April of 2006, he owned and knowingly rented out a residence used for manufacturing marijuana. The maximum potential penalties for

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Lewis' crimes are twenty years in prison for wire fraud, ten years in prison for money laundering, and twenty years in prison for maintaining a drug-involved premises. Again, any sentence will be determined by a judge. This case was investigated by the Internal Revenue Service, Criminal Investigation Division; and the West Metro Drug Task Force. It too is being prosecuted by Assistant United States Attorney Joseph T. Dixon.

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An indictment is a determination by a grand jury that there is probable cause to believe that offenses have been committed by the defendant. The defendant, of course, is presumed innocent until he or she pleads guilty or is proven guilty at trial.